

Message Text

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INFO OCT-01 ARA-06 EA-07 NEA-10 ISO-00 CIAE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 TRSE-00 ACDA-05 SAJ-01 AID-05 IGA-01

MC-02 COME-00 EB-07 /104 W
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R 091824Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3529

SECDEF WASHDC

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY COPENHAGEN

AMEMBASSY NICOSIA

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY MOSCOW

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AMEMBASSY TEL AVIV

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C O N F I D E N T I A L SECTION 01 OF 03 BONN 16648

E. O. 11652: GDS

TAGS: MASS, MPOL, GW

SUBJECT: FRG MILITARY ASSISTANCE POLICY: AN EASING
OF RESTRICTIONS IN THE OFFING?

REF: BONN 8675

BEGIN SUMMARY: NEWSPAPER REPORTS IN SEPTEMBER INDICATED THAT THE FRG INTENDED TO REVIEW ITS RESTRICTIVE MILITARY ASSISTANCE POLICY WITH A VIEW TO EASING IT. HOWEVER, THE MEETING OF THE FEDERAL SECURITY COUNCIL SCHEDULED FOR SEPT. 22 TO DISCUSS THE PROBLEM WAS NEVER HELD, AND IT APPEARS THAT A SOUL-SEARCHING POLICY DEBATE WITHIN THE SPD HAS HEADED OFF ANY IMMEDIATE ACTION. NEVERTHELESS, WE ANTICIPATE THAT THE FRG WILL EVENTUALLY ADOPT A MORE FLEXIBLE STANCE ON ARMS EXPORTS AND THAT THESE WILL GRADUALLY INCREASE OVER TIME, ALTHOUGH NOT APPROACHING THE VOLUME REACHED BY THE US, UK OR FRANCE. END SUMMARY.

1. FMOD STATE SECRETARY MANN'S ANNOUNCEMENT ON SEPT. 16 THAT THE FRG WAS CONSIDERING A RELAXATION OF ITS HITHER-TO RESTRICTIVE REGULATIONS ON ARMS EXPORTS UNLEASHED A TORRENT OF NEWSPAPER AND MAGAZINE ARTICLES AND SPECULATION ON THE SUBJECT. THE THRUST OF MANN'S PRESENTATION WAS THAT VARIOUS POLITICAL AND ECONOMIC PRESSURES HAVE CAUSED THE FRG TO RECONSIDER ITS POSITION. HE CITED THE SLUMPING ECONOMIC SITUATION IN THE FRG AND THE EXPANDED JOB OPPORTUNITIES WHICH GREATER ARMS EXPORTS WOULD PROVIDE. ALSO, COUNTRIES WITH WHICH THE FRG CO-PRODUCES WEAPONS-FRANCE IN PARTICULAR-HAVE PUT PRESSURE ON THE FRG TO GRANT EXPORT LICENSES FOR CERTAIN PIECES OF MILITARY HARDWARE. MOREOVER, IF THE FRG DECLINES TO ACCEPT CONTRACTS, THE CO-PRODUCER OF THE WEAPONS SYSTEM GETS THE BUSINESS.

2. MANN CONTINUED THAT ARMS EXPORTS SHOULD BE SEEN FROM THE PERSPECTIVE OF THE OVERALL POLITICAL RELATIONS BETWEEN THE FRG AND BUYER STATES. ACCORDING TO THE CONFIDENTIAL

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GERMANS, MORE AND MORE COUNTRIES ARE BEGINNING TO MAKE THE IMPORT OF CIVILIAN INDUSTRIAL PRODUCTS DEPENDENT UPON THE DELIVERY OF MODERN WEAPONS. THE NEW SLOGAN WHICH SUPPOSEDLY IS BEING HEARD WITH GREATER INSISTENCE IS: "NO TANKS, NO REFRIGERATORS."

3. MANN STATED FURTHER THAT WEAPONS PRICES WILL GO

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R 091837Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3530

SECDEF WASHDC

INFO AMEMBASSY ANKARA

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DOWN AS PRODUCTION INCREASES. THEREFORE, THE BUNDESWEHR WILL REAP A PRICE ADVANTAGE FROM INCREASED ARMS EXPORTS. FINALLY, MANN SAID THAT A NUMBER OF GERMAN FIRMS WHICH DO NOT PRODUCE ARMS EXCLUSIVELY HAVE ALLUDED TO PROSPECTS FOR BETTER JOB SECURITY THROUGH GREATER EXPORT CONTRACTS. ALONG THE SAME LINE, IT WAS INTERESTING TO NOTE THE RESPONSE TO THE QUESTIONS ON GOVERNMENT ARMS EXPORT POLICY POSED TO GERMAN FIRMS IN THE AIR AND SPACE INDUSTRY BY THE BUNDESTAG ECONOMIC COMMITTEE. THEIR RESPONSES WERE UNANIMOUS TO THE EFFECT THAT EXPORTS IN THE MILITARY SECTOR HAD BEEN UNNECESSARILY HINDERED BY THE FEDERAL GOVERNMENT. (COMMENT: IT IS REPORTED THAT THE PERCENTAGE OF ARMAMENTS EXPORTED FROM THE FRG AS A PERCENTAGE OF TOTAL GOODS IS ONLY 0.25 PERCENT. THIS EXTREMELY LOW FIGURE COMPARES TO A REPORTED 19 PERCENT IN THE U.S., 12 PERCENT IN THE UK AND 9 PERCENT IN FRANCE.)

4. SINCE 1971 FRG ARMS EXPORTS HAVE BEEN RESTRICTED ESSENTIALLY TO NATO COUNTRIES, WITH THE EXCEPTION OF SOME ARMS HAVING BEEN SHIPPED TO AUSTRALIA, JAPAN, NEW ZEALAND, SWITZERLAND, AND SWEDEN. ANOTHER TENET OF FRG POLICY HAS BEEN THAT ARMS SHOULD NOT BE SENT INTO "AREAS OF TENSION." WHILE THE TURKEY-GREECE-CYPRUS AREA CAN HARDLY BE CHARACTERIZED AS TENSION FREE, THE FRG NEVERTHELESS, IN THE INTEREST OF THE ALLIANCE, RESUMED BALANCED MILITARY ASSISTANCE TO BOTH GREECE AND TURKEY LAST MAY.

5. WHILE SECRETARY MANN SPELLED OUT VARIOUS REASONS FOR EXPANDING FRG ARMS EXPORTS, THERE ARE CERTAIN COUNTERVAILING PRESSURES WHICH WORK AGAINST A FAR-REACHING SHIFT IN POLICY. FIRST OF ALL, THERE IS THE DEFENSE MINISTER HIMSELF. LEBER HAS STATED CATEGORICALLY IN AN INTERVIEW PUBLISHED IN "DER SPIEGEL" THAT THE FRG DOES NOT INTEND TO BECOME A WEAPONS FORGE. HE CONTINUED THAT THERE ARE NO NATIONAL ARMAMENTS

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INDUSTRIES IN THE FRG, AND THE GOVERNMENT DOES NOT INTEND TO ENCOURAGE THEIR DEVELOPMENT.

6. THE GERMANS ARE ALSO CONSCIOUS OF THE RECENT HISTORICAL PAST. THIS INCLUDES NOT ONLY THE SHADOW STILL CAST BY WORLD WAR II BUT ALSO BY THE FOREIGN POLICY DIFFICULTIES EXPERIENCED BY THE FRG IN THE EARLY 1960'S WHEN GERMAN TECHNICIANS WERE DEVELOPING ROCKET SYSTEMS FOR EGYPT. FINALLY, THERE IS THE LEFT WING OF THE SPD TO CONTEND WITH. THE SPD TRADITIONALLY LOOKS ASKANCE AT ENCOURAGING THE PRODUCTION OF MILITARY AS OPPOSED TO SOCIAL GOODS. EVEN HERE, HOWEVER, THE IDEOLOGUES RECOGNIZE THE ECONOMIC VALUE, E.G., JOB CREATION, OF SUCH A DEVELOPMENT. SUCH PRODUCTION IS ALSO SEEN AS A MEANS TO MAINTAIN MORE INDEPENDENCE FROM OUTSIDE (READ US) CONTROL. IN PARTICULAR, THE US WEAPONS EMBARGO AGAINST TURKEY HAS CAUSED CONCERN EVEN WITHIN THE SPD LEFT WING ABOUT US RELIABILITY.

7. THE FRG HAS PRODUCED A NUMBER OF WEAPONS SYSTEMS WHICH HAVE EXCITED CONSIDERABLE INTEREST AMONG PROSPECTIVE FOREIGN BUYERS. FOR EXAMPLE, THE LEOPARD TANK IS PROBABLY THE MOST SOUGHT AFTER SYSTEM, WITH IRAN AND SPAIN THE LEADING PROSPECTIVE BUYERS. IN THE FIELD OF NAVAL ARMAMENTS, THE GERMANS HAVE PRODUCED THE 206 CLASS SUBMARINE AND THE 148 CLASS FAST PATROL

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R 091837Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3531
SECDEF WASHDC
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BOATS. THE ROLAND SAM SYSTEM IS ALSO SOUGHT AFTER, PARTICULARLY SINCE THE U.S. HAS COMMITTED ITSELF TO BUY ROLAND. THE ALPHA JET, WHICH THE FRG CO-PRODUCES WITH FRANCE, COULD BE ANOTHER HOT ITEM. ACCORDING TO THE PRESS, FRANC-GERMAN TALKS ARE IN PROGRESS ON THE QUESTION OF EXPORTING THIS AIRCRAFT. IT WAS ALSO REPORTED IN THE PRESS THAT A MARKET FOR THE SALE OF 250 SUCH AIRCRAFT EXISTS, WITH TURKEY WANTING 60.

8. COMMENT: THE POSTPONEMENT OF THE FEDERAL SECURITY COUNCIL MEETING SCHEDULED FOR SEPT. 22 MAY BE AN INDICATION THAT INTERNAL RESISTANCE WITHIN THE SPD IS STIFFENING AGAINST A RELAXATION OF RESTRICTIONS. OR, IT COULD ALSO MEAN THAT THE DEEPER IMPLICATIONS OF THE PROBLEM HAVE LEAD THE SOCIAL DEMOCRATS TO REVIEW IT MORE CLOSELY. IT COULD WELL ARISE AS A TOPIC OF DEBATE

AT NEXT MONTH'S NATIONAL SPD CONVENTION IN MANNHEIM.

9. BY TAKING ITS CASE TO THE PUBLIC FIRST, THE FRG MAY HAVE PROVIDED LEFT WING CRITICS WITH AN OPPORTUNITY TO ORGANIZE THEIR FORCES; AT LEAST THEY ARE CERTAINLY REVIEWING THE ISSUE CRITICALLY. HAD BONN OFFICIALS ACTED FASTER AND MORE DISCREETLY, IT MIGHT HAVE BEEN POSSIBLE TO APPROVE SPECIFIC ARMS EXPORTS APPLICATIONS ON A CASE-BY-CASE BASIS WITHOUT HAVING ENGENDERED A PUBLIC DEBATE. NEVERTHELESS, WE ANTICIPATE THAT THE FRG WILL GRADUALLY LOOSEN ITS RESTRICTIVE POLICY AND EXPAND ARMS EXPORTS, ALTHOUGH NOT TO THE POINT WHERE THE GERMANS WOULD BECOME A SERIOUS COMPETITOR WITH THE THREE PRINCIPAL WESTERN ARMS EXPORTERS. END COMMENT.
HILLENBRAND

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